

July 27, 2004

Rick Olsen, General Manager  
Canyon Fuel Company, LLC  
P.O. Box 1029  
Wellington, Utah 84542

Re: Approval of Bond Calculation Adjustment, Canyon Fuel Company, LLC,  
Dugout Mine, C/007/0039, Task ID #1980, Outgoing File

Dear Mr. Olsen:

The above-referenced amendment is approved effective July 27, 2004. A stamped incorporated copy is enclosed for your copy of the Mining and Reclamation Plan.

If you have any questions, please feel free to call me at (801) 538-5268 or Wayne Western at (801) 538-5263.

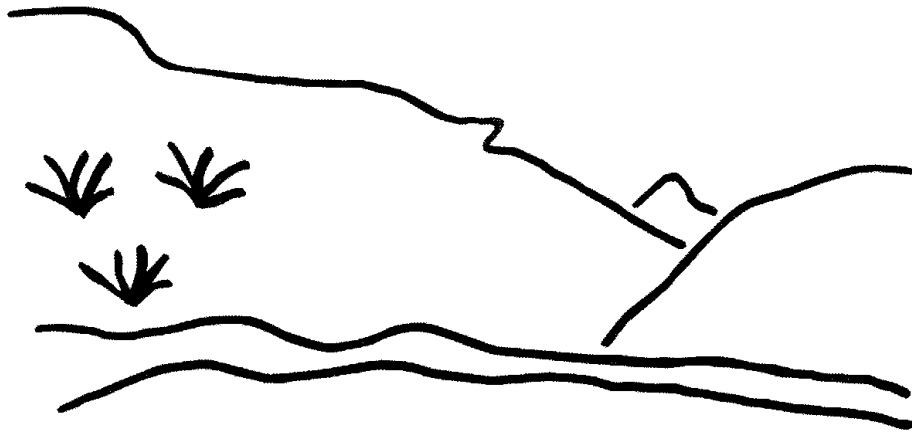
Sincerely,

Pamela Grubaugh-Littig  
Permit Supervisor

an  
Enclosure

cc: Ranvir Singh, OSM  
Jim Kohler, BLM  
Mark Page, Water Rights w/o  
Dave Ariotti, DEQ w/o  
Derris Jones, DWR w/o  
Price Field Office  
O:\007039.DUG\FINAL\APP1980.DOC

# **State of Utah**



## *Utah Oil Gas and Mining*

### **Coal Regulatory Program**

Dugout Mine  
Bond Calculation Adjustment  
C/007/0039, Task ID # 1980  
Technical Analysis  
July 22, 2004



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## TECHNICAL ANALYSIS

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## TECHNICAL ANALYSIS

The Division ensures compliance with the Surface Mining Control and Reclamation Act of 1977(SMCRA). When mines submit a Permit Application Package or an amendment to their Mining and Reclamation Plan, the Division reviews the proposal for conformance to the R645-Coal Mining Rules. This Technical Analysis is such a review. Regardless of these analyses, the permittee must comply with the minimum regulatory requirements as established by SMCRA.

Readers of this document must be aware that the regulatory requirements are included by reference. A complete and current copy of these regulations and a copy of the Technical Analysis and Findings Review Guide can be found at <http://ogm.utah.gov/coal>

This Technical Analysis (TA) is written as part of the permit review process. It documents the Findings that the Division has made to date regarding the application for a permit and is the basis for permitting decisions with regard to the application. The TA is broken down into logical section headings, which comprise the necessary components of an application. Each section is analyzed and specific findings are then provided which indicate whether or not the application is in compliance with the requirements.

Often the first technical review of an application finds that the application contains some deficiencies. The deficiencies are discussed in the body of the TA and are identified by a regulatory reference, which describes the minimum requirements. In this Technical Analysis we have summarized the deficiencies at the beginning of the document to aid in responding to them. Once all of the deficiencies have been adequately addressed, the TA will be considered final for the permitting action.

It may be that not every topic or regulatory requirement is discussed in this version of the TA. Generally only those sections are analyzed that pertain to a particular permitting action. TA's may have been completed previously and the revised information has not altered the original findings. Those sections that are not discussed in this document are generally considered to be in compliance.

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## **TECHNICAL ANALYSIS**

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## INTRODUCTION

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## INTRODUCTION

On July 2, 2004, the Division received an amendment to modify the reclamation bond for the Dugout Mine. Canyon Fuel Company, LLC (CFC) proposed under a separate amendment to construct concrete pads at the Dugout Mine. The change in the mine plan required the Division to evaluate the bond.

CFC posted a bond for \$2,400,000 in 2005 dollars for the Dugout Mine. The Division calculated the reclamation costs in July 2004 for the Dugout Mine with the addition of the concrete pads. The Division estimated that the reclamation costs would be \$2,400,000 in 2005 dollars. The reasons why the bond remained the same were: 1) the demolition cost for the pads would be small, and 2) a slight decrease in the unit costs.

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## **INTRODUCTION**

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## RECLAMATION PLAN

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# RECLAMATION PLAN

## BONDING AND INSURANCE REQUIREMENTS

Regulatory Reference: 30 CFR Sec. 800; R645-301-800, et seq.

### Analysis:

#### Determination of Bond Amount

The Division determined that bond amount for the Dugout Canyon Mine would be adequate to cover the addition of the concrete pads. The current bond amount was \$2,400,000 in 2005 dollars.

The Division calculated the reclamation costs to be \$2,400,000 in 2005 dollars with the addition of the concrete pads. The reasons the bond did not change were:

- The demolition cost for the concrete pads were minor.
- The unit costs decreased slightly for concrete demolition in 2004.

### Findings:

The information provided in the amendment was adequate to meet the minimum requirements of this section of the regulations.